195/.

File No. 596/48

B CLASS

P W. DEPARTMENT

El BRANCH

(22)

Subject:— Electricity — Duty —
Bill to Amend the
B'bay Finance Act 1932

IV

BLA 1957

File No. 596/48 El

Ed. Scott. Bllp. 21 A

Std. Scett. 78 e.

G.R., G D., No. 2408, dated 22-6-22.]

Correspondence

DOCKET SHEET

Subject :—

File No. 596/48

P.W.

DEPT.

El

BRANCH.

References :—

copies from the main file B[M]

Date.	To whom sent.	Notes and instructions.

Under Secretary's note dated the 21st March 1951.

I. A meeting for discussion on amendment of Finance Department Bill regarding Electricity Duty ~~xf~~ to be called on Tuesday (27-3-1951) at 6 p. m. at Council Hall office of the H. M. Following to be reqeusted to be present :-

Shri Mirchandani, Chief ~~Su~~ Engineer, Grid.

Shri Vajifdar.

Shri Nadkarni, Electrical Engineer.

Shri Bedekar, Secretary, Public Works Department.

Shri Rao, Secretary, Finance Department.

Shri Sethna, formerly of Tatas.

* Shri K. G. Milne of the Killick Co. representative of Federation of Electrical Undertakings. (Try Phone 88065 or 44571) If he cannot be found Mr. Sethuna can find him out.

2. Inquiry may be made from Wimco.

Kamani Engineer.

Hindustan Vanaspati.

Mukund Iron Steel Works,

regarding their (a) connected total load, (b) connected furnace and electrolytic process load, (c) consumption under (a) and (b), (d) whether separate meters exist for furnaces and for general motive power and (e) Electricity Duty paid by them annually ~~dirx~~ during the period duty was levied.

3. Similar information may be obtained independently through B. E. S. T. and Tatas for their customers out of the above list. (Wimco and ~~Mukx~~ Mukund are Tatas Hindustan Vanaspati and Kamani 's are B. E. S. S. T. Undertakings.)

4. Wimco takes Tatas power for preparing bichromates How ~~max~~ much power is consumed for this electrolytic process?

5. Federation of Ele. Undertakings to supply

to supply information regarding annual consumption of ~~xxxxxxx~~ electric power for industries (all kinds) for the following undertakings and the

Hydro. ~~Xx~~ B. E. S. T. U. B. ~~S~~. E. S .	Tax collected annually during the period tax was levied.
Ahmedabad, Surat. Baroda. Poona.	

6. Inquiry may be made from Finance Department regard ng details of the anticipated budget receipts of ~~x~~ over 1 crore of rupees from this tax - Details in following form required.

(a) Tax from ~~xxxx~~ motive power,

(b) under 12 units domestice use,

(c) Fans and lights,

(d) Cinema houses.

7. Mukand works may be inquired if they have r received any special rebate or concessions inthe past or at present by any special executive orders of Government and if so the amount so saved.

The Elec. Engineer may be requested u. o. to abtain and supply information as requried by the H, M. and indicated in paras. 2, 3, 4, 5 and 7 above so as to reach this office on Monday the 26-3-1951 without fail.

Id/-
22-3-50.

u. o. to Elect. Engineer.

ANNEXURE I.

Name of Undertaking.	Total connected load.	Connected load for furnace or electrolytic process.	Total consumption per year.	Consumption for electrolytic process per furnace per year.	Electricity duty paid per year.	Remarks.
	K. W.	K. W.	Units (Lakhs)	Units (Lakhs)	Rs.	
1. Wimco.	2,055.00	2,055.00	156.00	156.00	1,24,000/-	Used exlusively for electro-chemical purposes.
2, Kamani Metal Works.	2,358.00	810.00	29.80	15.80	23,000/-	Used partly for electric furnace. Noxx separate meter.
3. Hindustan Vanaspathi Manufacturing Co., Ltd.	2,915.00	Nil.	64.00	Nil.	48,500/-	Hydrogen produced by steam iron process.
4. Mukand Iron & Steel Works.	2,040.00	1,460.00	67.10	48.20	52,800/-	Last Year subsidy garnted Rs. 20,532/-.

Sd/-

Electrical Engineer to Govt.

I.W.H./-

ANNEXURE II.

Name of Undertaking.	Energy for Industries.	Tax at the present rate, i. e. 1/4 anna for two units.
	(Million units).	(Rupees in lakhs).
1. The Tata Hydro-Electric Group.	416.80	32.60
2. The B. E. S. & T. Undertaking.	168.00	13.05
3. The Bombay Suburban Electric Supply, Ltd.	12.12	0.95
44. The Ahmedabad Electricity Co., Ltd.	184.10	14.40
5. The Surat Electricity Co. Ld.	8.00	0.63
6. The Baroda Elect Supply	0.75	0.06
7. The Poona Electric Supply Co., Ltd.	33.00	2.58

Sd/-
Electrical Engineer to Govt.

Below U. O. R. dated the 22nd March 1951,
from Government in the Public Works Department.

No. G 110
1522 66 of 1950-51.
Bombay, 24th March 1951.

Returned, with compliments.

2. The information required in connection with the undertaings mentioned in para. 2 of the Note is supplied in Annexure I attached herewith. In this connection, it may be stated that no separate meters are provided for electric furnace in Kamani Metal Works; but the consumption therefore has been estimated on the basis of its working hours. Wimco uses the power entirely for its electrolytic process, while a separate meter is provided in Mukund Iron and Steel Works for registering the consumption of the furnace. The figures given in the Annexure are those obtained from the Supply Companies for the period ending 31-12-1950. On account of the Holi holidays, it has not been possible to obtain any accurate information from the undertakings themselves; but the approximate information received from them more or less tallies with that given by the Supply Companies.

3. As regards para. 4, It has been ascertained from Messrs. Tatas that the entire power taken by Wimco from them is used for electrolytic process.

4. As regards para. 5, the nessary information has been obtained from the offices of the Supply Companies concerned (as per Annexure II attached herewith), excepting for Baroda, the information for which has been taken from the All-India Statistics prepared by the Central Electricity Commission for the year 1948. In any case, the electricity duty collected from the Baroda Electric Supply Company is negligible in comprison with the other ...

with the other big undertakings in the list.

5. As regards para. 7, Mukand Iron & Steel Works received a subsidy to the extent of Rs. 20,532/- from Government last year.

Sd/-
Electrical Engineer to Govt.

596/48

El Br.(I) I. ,W. D.

A meeting for discussion on amendment of Finance Deptt. Bill reg: electricity duty is to be held on Tuesday, the 27th March 1951 at 6 p. m. at the council Hall Office of this H. M. P. W. D. In that connection this H. M. has directed as follows:-

Inquiry may be made from Finance Deptt. regarding details of the anticipated budget receipts of over one crore of rupees from this tax - Details in the following form required.

(a) Tax from motive power
(b) under 12 units domestic use.
(c) fans and lights.
(d) cinema Houses."

2. The F.D. may be requested u. o. to furnish the above information to this Deptt. by Monday the 26th March 1951.

3. The Secy. F. D. has been requested to attend this meeting. and invitation to him is being sent separately.

Id/-
22-3-51.

Id/-
22-3-51.

Immediate.

u. o. to Finace Department dated the 22-3-51

.....

Finance Department.

The details required by the P. W. D. are not available in this Deptt. The controlling officers report the figures in lump under the two sub-heads "Fees under the Indian Electricity Rules, 1937, andFees for the electrical inspection of cinemas and "other Receipts under XIII -Other Taxes and Duties" and not by the details mentioned in para. 1 of the foregoing P. W. D. note.

Id/-
26-3-51.

Id/-
26-3-

Id/-
26-3-51.

u. o. r. to P. W. D. dated 26-3-51.

(All correspondence to be addressed to the Secretary.)

The Association of Electrical Undertakings,
BOMBAY PROVINCE

Telephone No. 30901.

Registered office:
KILLICK BUILDING
HOME STREET.

Ref.No. AEU/16/340/51

Bombay, 26th March 1951

URGENT

The Secretary to the Government
of Bombay,
Public Works Department,
Bombay.

Dear Sir,

Electricity Duty

I thank you for your letter of 22nd March and as desired have to give the following information regarding annual consumption of electric power for industries and the duty collected thereon -

Statement:

Company	Taxable units	Duty Recovered Rs	Period
The Tata Hydro, Andhra Valley and Tata Power Companies	139,518,993	10,89,993	April '49 to June '49
	534,455.937	41,75,822	July '49 to June '50
	292,625,410	22,86,137	July '50 to Feb. '51
	130,500,000	10,20,000	April '49 to End March'50
B. E. S. &T Undertaking			
Be E. S. &T. Undertaking	102,200,000	8,00,000	April '50tp Nov. '50.
The Ahmedabad Electricity Co. Ltd.	309,181,550	24,15,480	April '49 to Dec. '50
The Surat Electrick Co., Ltd.	13,477,044	1,05,290	April '49 to Dec. '50.
Bombay Suburban Electric Supply Ltd.	21,885,791	1,70,982	April '49 to Dec. '50.

* The figures regarding these three companies are approximate and exclude the Film Industry.

The figures regarding the Poona and Baroda undertaking are not readily available, and would be sent during the course of the day, if obtained.

yours faithfully,

Id/-
Secretary

(All correspondence to be Addressed to the Secretary,)

The Association of Electrical Undertakings,

BOMBAY PROVICE

Telephone No. 30901.

Registered Office:
KILLICK BUILDING.
NOME STREET.

Ref. No. AEU/16/341/51

Bombay, 26th March 1951.

....

The Secretary to the Government of Bombay,
Public Works Department,
Bombay.

Dear Sir,

Electricity Duty.

Further to my letter No. AEU/16/340/51 of 26th March, the following are the figures regarding the Poona undertaking -

Taxable units	Duty Recovered Rs.	Period
15,370,878	1,20,085	1st April 1949 to 31st March 1950
16,969,896	1,32,577	1st April 1950
32, 3140.774	2,52662	to 28th Feb. 1951.

Yours faithfully,

Sd/-
Secretary

596/43
26331

El. Br. (I) P. W. D.

Please see u. Secy not dated the 21-3-51.

2. Para. 1 of this note :- Necessary intimation was issued to all concerned on the 22nd inst. (The papers bearing file No. 596/48 containg the letter is under submission to H. M.)

3. Paras 2, 3, 4, 5 and 7 of this note

The El. Engr. to Govt. was asked to obtain and supply the information. He has given the information in his note on p. 9 ante Reg: para 5 this passage of Electrical undertakings was also requested to furnish this information and it will be found on pp. 13-17 antd

4. Para 6 of this note:- The Finance Deptt. is not able to give the information vide its note on pa 12 ante

....

5. A copy of the Bill is put up below.

Id/-
Id/-
Id/-
27-10-31.

U. S.
D. S.
S/cy

H. M.
Id/-

Hnick **********

Bill to Amend the Bombay Finance Act 1932.

The Hon. the Finance Minister when presenting the budget stated thatit was the intention of Government to give some relief in the matter of electricity duty to industries utilizing electricity as fuel, and that a bill to give effect to this amendment is being introduced in the legislature.

The Finance Bill as published however, states as follows:-

By this Bill(No.XII of 1951) it is proposed to make four amendments to the Bombay Finance Act 1932.

The Second amendment states as under:-

Electricity duty is to be levied at the rate of one quarter of an anna for every five units of energy, or fraction thereof, used in an electrolytic process by any industrial undertaking, provided the Inspecting Officer appointed under Section 8 is satisfied that the energy so used is not less than 30 % of the total production cost incurred by such industrial undertaking.

It is evident from the above that it is theintention of Government to give relief to consumers of electricity for Chemical proces and not as stated by the Hon. the Finance Minister, to those who utilize it as fuel.

I am afraid if Government finally pass this legislation, they will be making a very serious mistake

mistake because any discrimination between one industry and another is bound to lead not only to a strong protest from industries in which the use of electricity forms a major part of the cost of production; for instance Metal Refining, but endless trouble in administration, and may also lead I am afraid to corruption.

I give below an extract from my discussion with Mr. Venkatappiah, Secretary, Government in the Finance Department, in February 1950.

" Mr. Venkatappiah: " I do not defend this tax. From what I have heard during the year and from what you have just explained, t the tax I admit, must be a burden and a severe byrden on certain industries like the National Rayon, Kamani, Oil Refineries and the like, and I admit -now that you have explained -even on the textiles and it certainly would be a handicap to progress, but that only applies to the progressive mills. However, all taxes, as you know, are a hardship on someone or the other and there is always a protest and an opposition. Now tell me, could you suggest a method of giving exemptions from taxation to such industries where the incidence of taxation seems to be heavy in relation to the cost of production? "

Reply: "I am afraid, if you try to give exemptions and discriminate between one industry and another, you will bring a hornets' nest on you head. It would relatively be a simple matter to give exemptions to large industrial concerns like the consumers of the Hydro group, but in the same category and block will fall the hundreds of very small concerns supplied

....

suppied by other distributors of powers and, I am afraid, the administrative difficulties will be immense. You will have to -I should say compelled to - leave the matter of granting exemptions to the Electrical Department and they will have to, in turn, leave it to their Inspectors and others in outlying districts, and forgive me for saying so, but corruption is likely to creep in. Then again, there is bound to be a protest from the Federation of Electrical Undertakings for exemption to domestic consumers for heating and cooking. They, as you are well aware, have protested vehemently and repeatedly and not without reason and they will, I am sure, press for relief."

The above note gives the reasons and difficulties which Government will experience in the administration of an amendment such as is proposed.

The Metal Refiners are bound to protes, as quite a few of them use electric furnaces, and electricity forms an major part of the cost of production, almost equal to those using electricity for electrolytic process.

The workding of the amendiment also is not quite happy. Say for instance a match factory may be prodicing their own chromate by electrolytic process, but the actual workding is :" ..... the energy so used is not less than 30% of the t total production cost incurred by such industrial undertaking." Does it mean the total production cost of the matches, or the chromate? or the chromate?and similarly there are quite a few other industries where electrolytic method is used as only a part of a manufacturing process. Even some of the textile mills use electrolytic ....

use electrolytic process for producing bleaching liquor. There are small industries, and hundreds of them which would claim exemption under this amendment.

Battery Charging,

Electroplating,

Dye Sinking,

and various others.

discriminate between industries, which will lead to endless difficulty in administration and will positively lead to corruption, let Government spread the total relief to all the industries if not to domestic use of electricity. Instead of the suggested duty of a quarter of an anna or a fraction thereof for every five units, they may reduce it to a quarter of an anna for every three units, but it should be to all industrial users of electricity.

As we have mentioned time and again, it is a positive tax on progress, and Government will be well advised to remove this impose by gradual degrees. Let them give this very small relief as suggested above; a quarter of an anna for every three units.

For every five units of electrical energy or a fraction thereof consumed for electrolytic process or for electric furnace or both by any industrial undertaking for the purposes of manufacturing chemicals or extracting, refining or melting metals, subject, however, to the condition that the said undertaking consumes not less than 10,000 units of electrical energy per month for the said electrolytic process or electric furnace or both, or such quantity as may be specified by Government in this behalf from time to time,

and that separate meters or submeters are installed for indicating such consumption separately

.....

....

..... Quarter Anna.

Note: Where any difference arises as to whether ~~xxxtx~~ electrical energy is used for the said ~~xxxx~~ purposes, the matter shall be referred to Government, whose decision shall be final.

I suggested to H.M. F. D. to add 'A' as a ~~further~~ further provision to the Bill as approved by the L. A. , in view of the fuel that the addition

The following Act of the Bombay Legislature having been assented to by the President on the 18th April 1951 is hereby published for general information.

J. R. DHURANDHAR,

Secretary to the Government of Bombay,
Legal Department.

BOMBAY ACT NO. XVI OF 1951.

(First published, after having received the assent of the President, in the "Bombay Government Gazette" on the 24th April 1951.)

An Act to amend the Bombay Finance Act, 1932.

Bom. of II OF A 1932.

WHEREAS it is expedient to amend the Bombay Finance (Amendment) Act, 1932, for the pruposes hereinafter appearing; It is hereby enacted as follows:-

Short title and commencement.

1. (1) This Act may be called the Bombay Finance (Amendment) Act, 1951,

(2) It shall come into force on such date as the State Government may, by notification in the Official Gazette, appoint.

Bom. II of 1948.

2. In section 4 of the Bombay Finance Act, 1932 (hereinafter called the said Act),

Amendment of section 4 of Bom II of 1932.

(1) in clause (a), after the words "By a licensee" the words, brackets and figures "but does not include a licensee to whom energy is supplied by the State Electricity Board constituted under section 5 of the Electricity (Supply) Act, 1948; " shall be inserted;

LIV of 1948.

(2) in cluse (c), for the words and figures "section 28 of that Act" the words, brackets and figures "section 28 of that Act, the State Government when it is engaged in a business of supplying energy and the State Electricity Board constitued under section 5 of the Electricity (Supply)Act, 1948; "shall be substituted.

LIV of 1946.

Amendment of First Schedule to Part II of Bom. II of 1932.

3. In the First Schedule to Part II of the said Act,-

(1) the netry under the heading "For any other prupose" shall be numbered as clause (a) and in the said clause, after the words "lights and fans" the words, brackets and letter "not falling under clause (b) " shall be added;

(2) after clause (a) as so numbered, the following clause shall be inserted, namely:-

" (b) For every five units of energy or fraction thereof consumed for electrolytic process or electric furnace by any industrial undetaking, subject however to the conditions that the Inspecting officer appointed under section 8 is satisfied thatthe cost of the energy consumed is not less than 30 per cent. of the total cost of manufacture incurred by such industrial undertaking and that separate meters or sub-meters are installed for indicating such consumption separately .... ¼ anna."

Amendment of of Section 15 of Bom II of 1932.

4. In Section 15 of the said Act, after sub section (4A), the following shall be inserted, namely;-

Collector's power to authorize officer to enter premi-ses and inspect certain documents.

"(4B) After section 73, the following new section shall be inserted , namely:-

" 73 A. The collector may, where he has reason to believe that all or any of the instruments specified in Articles 5, 20A, 20B, 20C, 20D, 20E and 43 of Schedule I hve not been charged at all or incorrectly charged with duty leviable under this Act, authorise in writing any officer to enter upon any prmises where he has reason to believe that any registers, books, records, papers, documents or proceedings relating to or in connection with any such instrument are kept and to inspect them and to take such notes and exteracts as such officer deems necessary. Every person having inhis custody or maintaining such registers, books, records, papers, documents or proceedings shall at all reasonable times permit the oficer authorised by the Collector

Collector to inspect them and take the nots and extracts as he may deem necessary.

Insertion of new section 26 A in Bom. II of 1932.

Apportionment of responsibility for Urban Immovable Property tax when premises are let and rateable value exceeds the amount of rent.

5. After section 26 of the said Act, the following new section shall be added, namely:-

"26A(1) If any premises assessed to Urban Immovable Property tax are let and their rateable value exceeds the amount of rent payable in respect thereof to the person from whom under the provisions of sub-sections (1) to (4) of section 26, the said tax is leviable, the said person shall be entitled to receive from his tenant the difference between the amount of the Urban Immovable Property tax levied from him, and the amount which would be leviable from him if the said tax were calculated on the amount of rent payable to him.

(2) If the premises are sub-let and their rateable value exceeds the amount of rent payable in respect thereof to the tenant by his sub-tenant, or the amount of rent payable in respect thereof to a sub-tenant by the person holding under him, the said tenant shall be entitled to receive from his sub-tenant or the said tenant shall be entitled to receive from the person holding under him, as the case may be, the difference between any sum recovered under sub-section (1) from such tenant or sub-tenant and the amount of Urban Immovable Property tax which would be leviable in respect of the said premises if the rateable value thereof were equal to the difference between the amount of rent which such tenant or sub-tenant receives and the amount of rent which he pays.

(3) Any person entitled to receive any sum under sub-sections (1) and (2) shall have, for the recovery thereof, the same rights and remedies as if such sum were rent payable to him by the person from whom he is entitled to receive the same.

Bombay: Printed at the Govt. Central Press.

FINANCE DEPARTMENT.
Bombay Castle, 30th April 1951.

Bombay Finance (Amendmmaiment) Act, 1951.

No. 9326/ XII.-- In exercise of the powers conferred by sub-section (2) of section I of the Bombay Fincance (Amendment) Act, 1951 (Bom. XVI of 1951), the Government of Bombay is pleased to appoint the 1st day of May 1951 as th date on which the said Act shall come into force.

By order of the Governor of Bombay,

P. W. RAO,
Secretary to Goveenment

596/48/26351

K. Br. P. W. D.

nResubmitted with reference to the H. M.1 P. W. D's minute on p. 71 ante.

2. The Bombay Finance (Amendment) Act, 1951. has been brought into force with effect from the 1-5-51. I It is therefore for consideration whether the D. D., the R. D. and the F. D. may now be requested u. o. to offer remarks with reference to 'A' in the H·ML minute on p. 71 ante.

Id/- H check.
Id/-
26/9/51.

Id/-
25-9-51.

A.S.S.

K. Br.

Resubmitted.

2/- On informal inquirées in the F. D. it is understood that necy. report with reference to 'A' on p. 71 ante has not yet been detained by that Deptt. It is proposed by that Deptt. to take action in the matter at the time of the next session of the B. L. A.

3. In view of the no furtheer action appear to pe necy, in th matter at this stage. The F. D. may perhaps be requested to confirm Posiion certify the protion stated in

stated in para 2 above.

Id/-
17-10-51.

Id/-
17-10-51.

U. O. to the F. D. dated 19th Oct. 1951.

Finance Department R XII.

These pps, may be returned to P. W. D. after keeping ~~opinions~~ X.copies of H. M.'s minute on pa . 71 ante and the P. W. D. nots overleaf for necessary action while preparing the finance Act (Amendment) Bill.

copies of pages 37-39, 40-45, 49, 57, 77 and 78

Id/-
3/11/51

Id/-
6-11-

U.O. R, to p. w. D. , dated 6-11-51.

K. B. P. W. D.

Submitted with reference to the O. N. dated the 17-10-51.

2/- Please see the F. D. note above. Further developments in the matter may be awaited.

Id/-
9-11-51.

K. Br. P. W. D.

Submitted with reference to the office note dated the 19-1-53. The F. D. has confirmed the presumption made by this Deptt., wide its note dated the 23-1-53.

2. These papers may now be referred to u. o. to the F. D. with a request to state the further development, if any. In this connection, the F. D's attention may be invited to this Deptt. note dated the 7-11-52 and the F. D's note dated the 8-12-53.

Id/-
18-3-53.

Id/-
15-3-53.

A.S.(III)

u.o. r. to the F.D. dated the 19-3-53.

Finance Department . XII

These papers have been referred to this depts. with a request to inform the P. H. D. of further develpp-ment with reference xxxhto this depts. note dated the 17-2-52 at pp. 88 ante.

2. It may be mxntioned that a Bill X to amend the Bombay Finance Act 1932 has been already published on 6-4-1953. As it seems from the Bill referred to above, that Sec6(3) of the Bombay Finance Act, re: relate to the Licensee is proposed to be amended. Exx Presumably the discussions as on pp, 37-39,45-47-49,57,71,77-78 c copies of which were kept in this deptt. vide office n ot dated the 6-11-52 at p. 78 ante have been taken into ac account while preparing the present amendment Bill. Govt., xxxxx however does not think it necy. to amend the existing rates of electricity duty for the present. In view of the above circumstances, these papers may be returned to the P. H. D. after retaining copies of relevant notes in this dept.

X Copy enclosed

Id/-
16-4-53 Please put up x the papers deling with the Finance Act, Amendment Bill. It is necessary to verify from those papers whether any definite decision on this matter has been taken by Govt. Please state also what action has been taken xx on the xxx D. O. letter referred to at "A" x on pager 93.

Id/-
28-4-